

Sent: Monday, September 29, 2008 8:44 PM

To: Keith Prescott

Subject: Tax Review Commission Request

Keith,

Governor Huntsman has asked the Tax Review Commission to analyze a few issues related to Utah's tax system.

1. Removing the remaining portion of the sales tax on food.
 - What is the fiscal impact of removing the tax on the state portion and the local portion of the food sales tax?
 - What are the options in offsetting the local impact of the food tax removal?
 - To what rate must the sales tax be changed to make this proposal revenue neutral?
2. Moving to a single sales factor on the corporate income tax.
 - What is the impact of making this either optional or mandatory?
 - How will different sectors and industries be impacted by this change?
3. Broadening the sales tax base to include services.
 - What is the impact of extending the tax to all services?
 - What is the impact if certain sectors are excluded, such as health care, primary residences, home utilities, etc.?
 - What is the fiscal impact of each?
 - What are other states doing in this area?
4. Expanding the sales tax exemption for business inputs.
 - Which business inputs should be included?
 - Are there any other issues that need to be considered in this area?

We are interested to see what the impact of each of these changes is by themselves and collectively. What are the impacts to different groups and individuals? What is the impact on transparency, revenue sufficiency, efficiency, equity, and simplicity? What are the fiscal impacts and economic impacts of each? What are other states doing in these areas? What other important issues need to be taken into consideration? These are all questions we are interested in discussing. Also, any tax changes must be revenue neutral individually and/or as a package.

Thank you for the hard work you do as Chair of the Tax Review Commission and the great work of the commission as a whole. If you have any questions or if I can be of assistance in this effort, please don't hesitate to contact me.

Regards,
Robert

Robert Spendlove
Policy Director,
Utah Governor's Office